

SETTLEMENT TESTIMONY
OF
W. KELLER KISSAM
ON BEHALF OF
DOMINION ENERGY SOUTH CAROLINA, INC.
DOCKET NO. 2020-125-E

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.**

2 A. My name is W. Keller Kissam and my business address is 220 Operation
3 Way, Cayce, South Carolina. I am President, Electric Operations, Dominion Energy
4 South Carolina, Inc. (the “Company” or “DESC”).¹

5 **Q. ARE YOU THE SAME KELLER KISSAM WHO PREVIOUSLY**
6 **SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING?**

7 A. I am.

8 **Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?**

9 A. The purpose of my testimony is to explain those provisions of the settlement
10 that principally concern transmission, vegetation management, storm damage and
11 restoration, turbine maintenance and coal plant retirements. I testify from the
12 perspective of electric generation and transmission and distribution operations at

¹ In April 2019, South Carolina Electric and Gas Company (“SCE&G”) changed its name to Dominion Energy South Carolina, Inc. as a result of the acquisition of SCANA Corporation by Dominion Energy, Inc. For consistency, I use “DESC” to refer to the Company both before and after this name change.

1 DESC.

2 **Q. HOW DOES THE SETTLEMENT TREAT VEGETATION MANAGEMENT**
3 **ACCRUAL AND HOW DOES THAT TREATMENT BENEFIT THE**
4 **RELIABILITY AND RESILIENCY OF THE ELECTRIC SYSTEM?**

5 A. The settlement affirms ORS's agreement to allow the Company to create a
6 dedicated vegetation management accrual account. That account will take funding
7 for vegetation management out of the Company's budget cycle with its yearly ups
8 and downs. It allows unspent amounts to be carried forward when contractor
9 unavailability, storm response pressures, floods or other factors require work to shift
10 from one year to the next. The account will allow the Company to maintain a
11 consistent, disciplined approach to vegetation management annually which is the
12 key to safety, reliability, resiliency and rapid storm recovery on our system.
13 Consistent and timely vegetation management is also more efficient and cost
14 effective for customers. The Company is grateful to ORS for recognizing in Mr.
15 Briseno's surrebuttal testimony that hourly vegetation management expenses are
16 not included in the accrual account.

1 **Q. HOW DOES THE SETTLEMENT TREAT MAJOR MAINTENANCE**
2 **EXPENSE ACCRUALS FOR STEAM TURBINES AND HOW DOES THAT**
3 **BENEFIT THE RELIABILITY AND RESILIENCY OF THE ELECTRIC**
4 **SYSTEM?**

5 A. The settlement affirms ORS's agreement that the Company should maintain
6 its existing turbine maintenance accrual account and update the accrual amounts set
7 in 2012. This account provides consistent and dedicated annual accruals for the
8 expense of steam turbine maintenance. Due to the cyclical nature of the work,
9 annual expenditures vary from year to year making budgeting and planning difficult
10 without such an account. The account provides budgetary predictability and allows
11 for long term planning and efficient contracting for this work which is critical for
12 maintaining the efficiency and reliability of these units.

13 In fact, during the pendency of this proceeding, DESC was able to negotiate
14 a very favorable, long-term turbine maintenance contract with our vendor. This new
15 contract allowed us to inform ORS that we could reduce the annual turbine
16 maintenance expense request by \$4.3 million. These savings are reflected in the
17 settlement.

Q. HOW DOES THE SETTLEMENT TREAT CONTINUED CAPITAL MAINTENANCE COSTS AT THE COMPANY'S FOUR REMAINING COAL UNITS?

A. The settlement requires DESC to file quarterly reports for its four remaining coal units located at the Williams, Wateree and Cope Stations that provide information on capital expenditure projects over \$1 million, historic megawatt hour ("MWh") generation by unit, and plant-in-service balances. These reports will be filed until the Commission-ordered retirement studies are complete. (Cope is a dual fuel plant that can only be fired with natural gas and may not be subject to a retirement study). This information will provide assurances to stakeholders that investments in the continued safety, reliability and environmental compliance of the plants are reasonable and necessary to allow them to continue serving customers pending retirement.

Q. HOW DOES THE SETTLEMENT TREAT THE COMPANY'S PROPOSAL TO RESUME PRE-FUNDING OF THE STORM DAMAGE RESERVE?

A. The settlement removes the Company's request to resume pre-funding of the storm damage reserve, although it allows existing deferred balances to be amortized into rates. When there are major storms, and current forecasts already predict a higher occurrence for this upcoming hurricane season for named storms due to prevailing weather patterns in the Atlantic and Gulf basins, the incremental restoration costs above \$2.5 million will be accumulated in the storm damage

1 reserve account. While the amortization amount will provide some recovery, that
2 amount would not be adequate to recover the potential amounts involved in
3 responding to major storms. Future storm damage expenses should be fully
4 recoverable on a reasonable time table so that the Company can continue to provide
5 outstanding levels of service and reliability.

6 **Q. HOW DOES THE SETTLEMENT TREAT THE COMPANY'S**
7 **INVESTMENT IN GENERATION, TRANSMISSION AND DISTRIBUTION**
8 **ASSETS SINCE THE LAST RATE CASE AND HOW DOES THAT**
9 **BENEFIT THE RELIABILITY AND RESILIENCY OF THE ELECTRIC**
10 **SYSTEM?**

11 A. The settlement recognizes the value of the investments in generation,
12 transmission and distribution assets that the Company has made since 2011. This is
13 certainly the case with transmission lines. These lines are planned years in advance
14 and today they are built with lighter, stronger, and more compact materials than
15 older construction and are able to withstand greater wind velocities and ice
16 accumulations. Transmission planning is a very rigorous, regulated, and dynamic
17 process. It is driven by economic development, generation planning and
18 construction, and needs that include the expansion of renewables, population
19 growth, demographic shifts, and electric load growth. Due to multiple
20 interconnections with neighboring utilities, comprehensive studies must be
21 coordinated across the regional electric grid within the Southeastern United States.

1 Transmission corridors are essential to maintain the flow of energy to meet
2 system demand. This settlement recognizes this fact by acknowledging efforts to
3 ensure that DESC's transmission system can transfer bulk power from generation
4 sites to load centers in a reliable, effective and efficient manner. The transmission
5 system must also be able to transfer power reliably to growing population areas, as
6 well as to the critical facilities for national defense in South Carolina. The
7 topography of South Carolina naturally creates the need to have strong structures
8 and wires of sufficient capacity to span its unique landscape, endure its changing
9 and, at times, violent weather patterns, and safely deliver a continuous flow of
10 electrons when they are needed most.

11 Concerning the generation system, the investments reflected in the settlement
12 include the improvements made to harden our generation resources against extreme
13 cold and wind after the Polar Vortex of 2014. This reduces the chance of winter
14 storm blackouts on our system like those that occurred in Texas in February of 2021.
15 The settlement also reflects the other investments made since 2011 to support the
16 safety, reliability and environmental compliance of our generation fleet, which has
17 a median age that exceeds 50 years.

1 **Q. HOW DOES THE SETTLEMENT TREAT THE COMPANY'S**
2 **INVESTMENT IN TECHNOLOGY TO IMPROVE THE RELIABILITY**
3 **AND RESILIENCY OF THE ELECTRIC SYSTEM?**

4 A. The settlement reflects the investments made since 2011 in cyber security
5 upgrades to protect our system against events like those which took the Colonial
6 Pipeline out of service earlier this year. They reflect the investments we have made
7 in smart switching devices on our distribution and transmission systems, advanced
8 metering infrastructure ("AMI"), and thousands of other individual upgrades and
9 improvements to promote safety, reliability, resiliency and efficiency on our system.

10 **Q. WILL THE COLLABORATIVE SUCCESS OF THIS SETTLEMENT**
11 **BENEFIT THE RELIABILITY AND RESILIENCY OF THE ELECTRIC**
12 **SYSTEM GOING FORWARD?**

13 A. It certainly will. The parties to this settlement are stakeholders who will need
14 to work together in the coming years as we plan for coal plant retirements; integrate
15 additional renewable capacity and storage on our system; continue to expand energy
16 efficiency programs; and conduct resource planning to guide us through the
17 transition taking place in the energy industry. As we transition to a more sustainable
18 energy system, we must maintain safe, reliable, resilient and affordable service as
19 well. The settlement shows that with the proper leadership these parties can
20 collaborate on important issues for the electric system. Our goal is to provide
21 normalcy, security, and peace of mind to our customers who depend upon us each

1 and every second of their day. Where we can create consensus on complex
2 regulatory issues, as we have done here, our ability to consistently achieve that goal
3 becomes more assured.

4 For the purpose of the settlement, DESC is conceding certain issues that it
5 would not normally support. However, DESC believes that in the wake of the
6 unusual regulatory circumstances that led to the merger and the corresponding
7 impact on customers in the last several years, there is great value for all parties in
8 moving forward and rebuilding relationships of good will.

9 The Commission deserves credit for putting us on a more cooperative path
10 by pausing the hearing. The parties deserve credit for taking that path. And ORS,
11 and its executive director Nanette Edwards, are to be especially commended for
12 establishing a positive and constructive environment for the negotiations. Director
13 Edwards and I communicate consistently regarding the daily challenges of
14 managing reliability and resiliency in the face of challenges to the grid, and I can
15 confirm that she possesses real experience and understanding grounded in a desire
16 to serve her stakeholders, most importantly, utility customers. Achieving a
17 consensus like this requires honest give and take on all sides. Under ORS's
18 leadership, we have been able to do that.

19

1 **Q. TAKEN TOGETHER, HOW DO THESE ASPECTS OF THE**
2 **SETTLEMENT PROVIDE FOR THE RELIABILITY AND RESILIENCY**
3 **OF DESC'S ELECTRIC SYSTEM?**

4 A. DESC has made reasonable and prudent investments in its electric
5 infrastructure since 2011. The settlement recognizes this by including them in its
6 calculation of rates.

7 **Q. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY?**

8 A. Yes, it does.